

STATEMENT OF PURPOSE

RS22932C1

The purpose of this legislation is amend Idaho Code Section 63-3022 and allow individuals to deduct the amount paid for specified, non-reimbursed health care expenses, allowable under section 213 of the Internal Revenue Code (IRC), as an adjustment to taxable income. In the computation of Idaho taxable income, an individual would be able to itemize and thereby exclude from their net income, any amount paid for prescription drugs or products, doctor visits, hospital stays, co-pays, deductible's, physical therapy services, chiropractic services or any other health profession licensed pursuant to title 54 Idaho Code. Payment for over-the-counter drugs or therapies, are not included as deductible expenses. This legislation will be effective January 1, 2015.

FISCAL NOTE

The estimate of health care expenditures in Idaho, less the amount paid for health insurance premiums, is approximately \$1.08 billion. Using the top Idaho state income tax rate of 7.4%, the maximum reduction in General Fund revenues is approximately \$83.9 million. The implementation date January 1, 2015 is to allow sufficient time to plan for the anticipated fiscal impact.

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